No. 88-1576

Supreme Court, U.S.
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In The

Supreme Court Of The United States

October Term, 1988

The Cambridge Wire Cloth Company,
PETITIONER,

v.

The Laitram Corporation and Intralox, Inc.,
RESPONDENTS.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Brief Of Respondents In Opposition To Petition For Writ Of Certiorari

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Question Presented For Review

Should the Supreme Court grant certiorari to review a decision of the Court of Appeals for the Federal Circuit, in which the Federal Circuit reversed the trial court for its failure to follow the applicable patent law and where no significant questions of Federal Law are involved?

Listing of Parties

The parties in this action are the parties identified in the caption hereto. Intralox, Inc., is a wholly owned subsidiary of The Laitram Corporation. These parties constitute the listing of parties required under Rule 28.1.

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STATEMENT OF THE CASE

Contrary to the assertions of Petitioner, The Cambridge Wire Cloth Company (hereinafter "CWC"), the Court of Appeals for the Federal Circuit (hereinafter "CAFC") did not engage in impermissible "de novo fact finding" and did not ignore the clearly erroneous standard in reversing the District Court's decision. As will be apparent, the CAFC accepted the facts found by the District Court and facts which were undisputed by the parties. The CAFC then determined that the District Court misapplied the law to those facts and reversed the District Court's decision. CWC's petition, on its face, urges this Court to disregard the CAFC's express statements that it was accepting the facts ascertained by the trial court, to ignore the appellate court's determination that

the District Court's decision was legally erroneous and clearly erroneous, and to grant CWC's petition based on arguments of counsel unsupported by record citations.

BACKGROUND

In February 1983, CWC introduced a modular plastic conveyor belt to the market place which was designated CAM CLEAN and which is herein referred to as the CAM CLEAN I to differentiate it from a subsequently introduced product known as the CAM CLEAN II. In August 1983, a patent infringement action was brought by the Laitram Corporation and Intralox, Inc. (collectively "Laitram") against CWC for infringement of U.S. Patent Nos. 3,870,141 ("the '141 patent"), 4,051,949 ("the '949 patent"), 4,159,763 (the '763 patent"), and Re. 30,341 ("the '341 patent"). The Laitram Corporation and Intralox,

Inc. v. The Cambridge Wire Cloth Company, 226 USPQ 289, (D. Md. 1985) ("the first litigation"). The '141, '949 and '763 patents related to various modular plastic conveyor belts. The '341 patent related to a sprocket drive system adapted for use in driving modular plastic conveyor belts. Id. A nine-day trial was held in early 1985 in the United States District Court for the District of Maryland. The evidence in the first litigation showed and the court found that during the design of the CAM CLEAN I, CWC sought to incorporate the "best features" of the Laitram '141, '949 and the '763 patents. Id. at 291. The District Court sustained the validity of all four patents and found that the accused CAM CLEAN I modular plastic conveyor belt products of CWC infringed the '141, the '949, and the '763

patents of Laitram. CWC conceded that its sale of non-circular bore sprockets for use on a non-circular shaft constituted contributory infringement of the '341 patent.

CWC appealed the District Court's decision with respect to each patent in suit. By decision of March 3, 1986, the CAFC affirmed the District Court's determination of validity and infringement with respect to all asserted patents. Laitram Corporation v. Cambridge Wire Cloth Co., 785 F.2d 292 (Fed. Cir. 1986). On March 14, 1986, CWC filed a petition for rehearing in banc which was denied by order of April 30, 1986. Thereafter, on May 30, 1986, CWC filed a Petition for Writ of Certiorari for review of the CAFC's decision in the first litigation. CWC's first petition was denied by this Court on October 6, 1986.

In early 1986, via a motion to modify the existing injunction, CWC sought an advisory opinion of noninfringement from the District Court with respect to certain designs proposed by CWC. Contrary to the assertions of CWC in its brief, the proposed design was not the CAM CLEAN II. The court properly denied CWC's motion to modify the injunction because of the "hypothetical nature" of the modifications proposed by CWC, because no production runs had been made and because Laitram had not threatened CWC with litigation with respect to this hypothetical proposed design. Laitram Corporation v. Cambridge Wire Cloth Co., 231 USPQ 153 (D. Md. 1986).

In November 1986, CWC filed an action against Laitram seeking a declaratory judgment that yet another design proposed by CWC did not

infringe. The District Court dismissed the action as premature because any opinion by the Court would again be advisory and because CWC did not have a reasonable apprehension of suit. The Cambridge Wire Cloth Company v. The Laitram Corporation, 679 F. Supp. 515 (D. Md. 1987).

Subsequently, CWC commenced the manufacture and sale of a second modular plastic conveyor belt which was designated CAM CLEAN II. After obtaining samples of the CAM CLEAN II product and analyzing such product, Laitram promptly filed an action for infringement of the '141 and the '949 patents.[1] The only difference

[1] CWC's allegations regarding the non-assertion of the patents in the earlier litigation are misleading (Petition, 39). CWC did not advise Laitram of certain products it now alleges to have been in existence in 1985.

between the CAM CLEAN II product and the CAM CLEAN I product previously held to infringe with respect to the asserted claims was a de minimis decrease in the width of the link ends in the CAM CLEAN II product. More specifically, in the CAM CLEAN II modules, CWC shaved off 11/1000 inch from the faces of the link ends (Appendix, 19a).[2]

At the trial of the present action, CWC contended that the CAM CLEAN II did not infringe because allegedly, the de minimis increase in the spacing between the link ends resulting from the shaving of 11/1000 inch off the faces of the link ends produced a product which did not have a spacing between link ends "slightly

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[2] The Appendix is appended to CWC's brief. Reference is by page. CWC's Appendix spans pages 1a-98a.

greater than the width of the link ends" as called for in claim 1 of the '141 patent and claim 21 of the '949 patent. Additionally, notwithstanding the prior judgment precluding the sale of non-circular shafts for use with non-circular bore sprockets wherein one sprocket is fixed to the shaft and others allowed to float axially on the shaft, CWC sold keyed shafts and keyed sprockets for use with such shafts precisely as described in claim 1 of the '341 patent. CWC contended at trial that keyed bore sprockets were not "non-circular" within the scope of claim 1 of the '341 patent.

On appeal, as expressly stated by the CAFC, the basic facts were either undisputed or were accepted as found by the District Court (Appendix, 8a). The undisputed evidence based upon the testimony of CWC's witnesses with

respect to the CAM CLEAN II demonstrated the following:

a) the spacing between the link ends of the CAM CLEAN II was .080 inch (Appendix, 23a);

b) the extent of the redesign of the CAM CLEAN II with respect to claim 1 of the '141 patent and claim 21 of the '949 patent was the shaving of 11/1000 inch off the link ends of the CAM CLEAN I (Appendix, 19a);

c) the CAM CLEAN II performed substantially the same function to achieve the same result as the CAM CLEAN I (Appendix, 19a);

d) CWC sold the CAM CLEAN II as interchangeable replacements for the CAM CLEAN I (Appendix, 19a);

e) CWC warranted the CAM CLEAN II for use at the same maximum working strength (1550 lbs/ft) as CAM CLEAN I (Appendix, 19a); and

f) the difference in the elongation of the CAM CLEAN II versus the CAM CLEAN I at working loads was less than one-fifth the width of a human hair (Appendix, 16a).

It is emphasized that while CWC presently contends that the District Court engaged in "fact finding" and did not have the opportunity to assess the credibility of the witnesses, all of the above facts were established in the District Court and were based upon the testimony of CWC's witnesses.

Following a six-hour trial on November 12, 1987, the District Court judge dictated his decision off the bench. The District Court misapplied the law governing infringement under the doctrine of equivalents (Appendix, 11a) and thus rendered a noninfringement decision which was legally flawed (Appendix, 14a). More

specifically, as noted by the appellate court, having determined that all CWC did with respect to the CAM CLEAN II was to slightly alter the link end spacing, the District Court did not apply its own criterion derived from the prosecution history in the first trial (Appendix, 14a). Because the District Court did not properly apply the law governing infringement under the doctrine of equivalents, the District Court's ultimate findings of noninfringement with respect to claim 1 of the '141 patent and claim 21 of the '949 patent were legally erroneous and clearly erroneous (Appendix, 11a). Additionally, the District Court ignored the clear language of claim 1 of the '341 patent and improperly read into that claim limitations of a dependent claim. Laitram thereafter appealed these legal errors.

Contrary to the assertion of CWC that the CAFC engaged in "fact finding," the CAFC expressly stated in its opinion:

> The basic facts are either undisputed or are accepted here as found by the District Court. The difficulty with the appealed judgment lies in the District Court's application to the facts of the law governing determinations of infringement.

Appendix, 8a. Thus, the appellate court expressly noted that it was taking exception to the District Court's application of the law and was not engaged in "fact finding" as CWC would have this Court believe.

REASONS WHY THE PETITION SHOULD BE DENIED

A. No Issues Of Legal Significance Are Presented

CWC's Petition involves no important question of federal law. The Court of Appeals for the Federal Circuit is not in conflict with other

circuits. CWC's contention for its Petition for Writ of Certiorari is that the CAFC engaged in impermissible fact finding. As will be shown, this assertion is incorrect. The CAFC has not departed from the usual and accepted course of judicial proceedings, either as set forth in Rule 52(a) of the Federal Rules of Civil Procedure or as established by this Court. Accordingly, the exercise of this Court's supervisory powers are unwarranted in this case.

B. The Court Of Appeals For The Federal Circuit Did Not Engage In Fact Finding

CWC argues that the CAFC's rejection of the trial court's decision is not based on legal error, but rather on the CAFC's own fact finding. This assertion is specious. The CAFC's reversal, as is apparent from its opinion, was based solely on the

District Court's misapplication of the law to the facts (Appendix, 8a, 14a, 27a, 42a, 46a, 48a). Errors of law by the District Court are not reviewed under the clearly erroneous standard. Bose Corp. v. Consumers Union of the United States, 466 U.S. 485, 501 (1984).

The CAFC explicitly relied only on facts that were undisputed or were found by the District Court (Appendix, 8a, 12a, 19a-20a, 25a-26a, 47a). The CAFC reversed only the District Court's ultimate conclusion of infringement, a conclusion which, as the CAFC stated and showed, was clearly erroneous in light of the District Court's misapplication of the law (Appendix, 8a, 11a, 14a, 27a).

1. Infringement of the '141 and '949 Patents

At issue in this case is whether CWC's CAM-CLEAN II infringed claim 1 of

Laitram's '141 patent and claim 21 of Laitram's '949 patent. CWC conceded that the CAM-CLEAN II met every limitation in the claims except for the limitation present in both asserted claims requiring the link end spacing to be "slightly greater" than the width of the link ends (Appendix, 69a-70a). As the CAFC clearly indicated, the District Court's ultimate conclusion was based on a misapplication of the law of the doctrine of equivalents to the facts (Appendix, 8a, 11a, 14a, 27a).

Under the law of the doctrine of equivalents, a product infringes a patent if the product "performs substantially the same function in substantially the same way to obtain the same result." Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U.S. 605, 608 (1950). To determine equivalents the District Court must

consider "the purpose for which an ingredient is used in a patent, the qualities it has when combined with the other ingredients, and the function which it is intended to perform." Id. at 609.

As the CAFC noted, the District Court determined that the spacing limitation in the claims had the purpose of minimizing bending and maximizing shear (Appendix, 72a, 75a). Other facts, either found by the District Court or undisputed by the parties, clearly demonstrated that the spacing in the CAM-CLEAN II also functioned to minimize bending and maximize shear (Appendix, 25a-26a). Despite these facts, the District Court failed to apply the criteria of "minimizing bending and maximizing shear" to the CAM-CLEAN II. Rather, the District Court improperly

equated literal infringement with infringement under the doctrine of equivalents. The District Court erroneously concluded:

> [I]f the result is that even applying the doctrine of equivalents there is no longer a spacing between links that is only slightly greater than the width of the links, then there is no infringement.

Appendix, 77a.

This statement demonstrates the District Court's failure to apply the law of the doctrine of equivalents to the facts. The District Court ignored all the evidence of equivalence and did not explain how the facts show that the CAM-CLEAN II did not minimize bending and maximize shear. The District Court thus committed an error of law warranting correction by the appellate court. United States v. United States Gypsum Co., 333 U.S. 364, 394 (1948) (the Supreme Court may correct errors

of law made by the District Court due to misapplication of the law set forth in earlier Supreme Court cases).

CWC argues that the CAFC engaged in fact finding in this case by setting aside the District Court's facts and substituting its own. However, beyond some conclusory statements that reversal of the District Court's ultimate conclusion of noninfringement constitutes a substitution of the CAFC's facts for the District Court's facts, CWC has not pointed to any facts which the CAFC supposedly found. Rather, CWC attempts to distort the "facts" in an effort to support its "fact finding" theory.

As an example of this distortion, CWC states that "the trial court found as a fact that the accused device did not minimize bending and maximize shear. . . ." CWC's Petition, 27-28

(emphasis in original). CWC's Petition, however, conspicuously lacks a citation to the District Court's opinion for this alleged "fact." In actuality, nowhere in its opinion did the District Court "find as a fact that the accused device did not minimize bending and maximize shear."

CWC appears to base its contention for this "fact" on the following reasoning. As stated by CWC:

> A factual determination that the distance was more than "slightly greater" was a determination that the accused device did not operate "substantially in the same way" as the device in the patent, i.e., its operation did not rely on a distance which was "slightly greater."

CWC's Petition, 27. As is apparent, CWC's reasoning is logically circuitous and begs the question. CWC starts by assuming the conclusion of literal infringement -- the spacing is more

than "slightly greater" -- from which it then infers the premise that the CAM CLEAN II must not minimize bending and maximize shear. However, under a proper application of the doctrine of equivalents, the determination of whether the CAM CLEAN II minimizes bending and maximizes shear must first occur.

The missing link in CWC's argument is how the spacing in the CAM-CLEAN II fails to minimize bending and maximize shear. CWC has not supplied, nor can it supply, this missing link because the facts require the opposite conclusion. As the CAFC explicitly states in its opinion, application of the law of the doctrine of equivalents to the facts which are undisputed or were found by the District Court shows that the spacing in the CAM-CLEAN II does minimize bending and maximize

shear:

> From the absence of any finding that CAM-CLEAN II did not minimize bending and maximize shear, and from the district court's uncontested finding that the "difference is admittedly small at working loads", and from the district court's uncontested finding that CAM-CLEAN II, even at extraordinary loads, is only "less resistant to bending and elongation forces", and from the district court's effectively uncontested finding that "the belt is not, at operating load significantly weaker," and from CWC's admission that CAM-CLEAN I and II are interchangeable and identically warranted, it can only be concluded that in CAM-CLEAN II bending is minimized and shear is maximized.

Appendix, 25a-26a (emphasis added).

CWC also argues that "the trial court was clearly impressed with the differences between the accused and patented devices . . . . These differences formed a basis for a finding of noninfringement under the doctrine of equivalents." CWC's

showing keyed shafts (Appendix, 44a-45a).[3]

Contrary to the assertions of CWC, the CAFC's opinion is clearly based on the trial record which indicates unequivocally that the inventor's testimony was directed to the preferred embodiment and could not, as a matter of law, create an estoppel (Appendix, 41a). Further, the '341 patent clearly indicates a square shaft is a preferred embodiment but not the only embodiment. Given these undisputed facts, CWC's conclusory and, in fact, contradictory interpretation of the District Court's holding and criticism

[3] In this regard, CWC's footnote 5 at page 18 of its Petition is misleading. CWC conceded that its non-circular bore sprocket when used in a manner described in claim 1 contributorily infringed and the judgment precluded the sale of non-circular bore sprockets for use in an infringing manner.

Petition, 26-27 (emphasis added). This statement advocates erroneous law. It is settled law that infringement is determined by comparing the accused device to the patent's claims, not to a commercial embodiment of the patented invention. ACS Hospital Systems, Inc. v. Montefiore Hospital, 732 F.2d 1572, 1578 (Fed. Cir. 1984).

CWC spends over six pages of its Petition arguing that the CAFC's criticism of certain tests of the CAM-CLEAN II was fact finding. CWC argues that the District Court based its "finding" that the CAM-CLEAN II did not minimize bending and maximize shear on these "tests". Regarding these tests, however, the District Court stated only that "the tests show that the CAM-CLEAN II is less resistant to the bending and elongation forces than the original CAM-CLEAN." Appendix, 78a

(emphasis added). As the CAFC pointed out:

> CWC asserts, and cites evidence to show only that the CAM-CLEAN II is less efficient, i.e., that it does not minimize bending and maximize shear quite as much as the claimed invention does. Assuming arguendo the truth of that assertion, it cannot alone prevent a finding of infringement under the doctrine of equivalents.

Appendix, 18a (emphasis in original). The law is clear that imperfect practice of an invention still constitutes infringement. Paper Converting Machine Co. v. Magna-Graphics Corp., 745 F.2d 11, 20(Fed. Cir. 1984). Thus, the CAFC merely pointed out the legal irrelevancy of the tests to the application of the doctrine of equivalents. This is not fact finding.

Similarly flawed is CWC's assertion that the CAFC failed to give

weight to the District Court's judgment of the witnesses' credibility. CWC fails to apprise the Court that the evidence referred to by the CAFC involved the testimony of CWC's own witnesses regarding the tests on the CAM CLEAN II (Petition, 35-36, Appendix, 19a). Moreover, the CAFC did not dispute the testimony of these witnesses. Instead, the CAFC simply pointed out why their testimony could not support a finding of noninfringement as a matter of law (Appendix, 15a-16a).

2. Infringement of the '341 Patent

A second issue in this case is whether the sale of keyed bore sprockets for use on a keyed shaft as described in claim 1 of the '341 patent constituted contributory infringement. The CAFC reversed the District Court's determination that Laitram was estopped

from asserting its patent against sprockets for use on keyed shafts because the inventor of the '341 patent had testified that square shafts were preferable to keyed shafts in use. CWC again argues that the Federal Circuit engaged in fact finding in reversing the District Court.

First, CWC ignores the District Court's holding in its patent validity determination during the first litigation that square shafts were the full functional equivalent of keyed shafts (Appendix, 44a). It is legal error for the District Court to interpret the claims one way in the earlier trial for determining validity and to interpret the claims another way in the second trial for determining infringement. W. L. Gore & Assoc. Inc. v. Garlock Inc., 842 F.2d 1275, 1279 (Fed. Cir. 1988). The CAFC

properly reversed the District Court for this legal error (Appendix, 46a).

In addition, CWC's statement that a determination of patent infringement is a question of fact is simplistic and misleading (CWC's Petition, 16). A determination of infringement involves a two step process. First, the claims must be construed. Claim construction is a question of law. Envirotech Corp. v. Al George, Inc., 730 F.2d 753, 758 (Fed. Cir. 1984). Only then may the trier of fact apply the claims as construed to the accused device. Id. In the present case, the District Court committed an error of law in construing the claims by improperly reading into claim 1 limitations not present.

In addition, the District Court committed legal error by limiting the patent's protection to the preferred embodiment of the invention. The

District Court held that Laitram was estopped from asserting that a keyed shaft was the functional equivalent of a square shaft, simply because the inventor had described a square shaft as the preferred embodiment for commercial exploitation. CWC argues without any citation to the trial record that the CAFC engaged in "fact finding" by determining that the inventor's testimony was directed toward the preferred embodiment (Petition, 18). As previously noted, this is contrary to the express statement of the CAFC that it was adopting the facts found by the trial court (Appendix, 8a, 44a-47a). CWC's argument also is in conflict with the District Court's finding in the first litigation that keyed and square shafts were functional equivalents and the '341 patent was valid despite prior art

of the CAFC's decision, without any supporting record evidence, must fail.

CONCLUSION

In an attempt to justify the present petition, CWC ignores the appealed issues, ignores the appellate court's decision which expressly considers each of the legal errors committed by the trial court and attempts to recast the issues before this Court as "fact finding" or credibility questions to create a reviewable issue.

The CAFC, based on the facts found by the District Court, determined that the District Court had misapplied the applicable law and that the District Court's ultimate findings of noninfringement were legally erroneous. Legal errors are not reviewed under the clearly erroneous standard. Moreover, the CAFC held that

the District Court's decision was clearly erroneous. Given the CAFC's express statements that the facts involved were either accepted as found by the District Court or undisputed and given the CAFC's detailed decision setting forth the legal errors in the District Court's decision, CWC's present petition is frivolous.

For the above reasons, Laitram respectfully submits that CWC's Petition for Writ of Certiorari should be denied.

Respectfully submitted,
this 28th day of April, 1989.

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